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M A N U A L

OF

MARINE AND INLAND INSURANCE

FOR THE USE OF THE AGENTS

OF THE

PROTECTION INSURANCE COMPANY

IN THE

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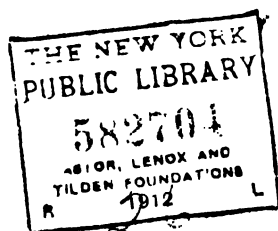
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MANUAL.

CHAPTER I.

OF THE RISK.

THE hazards of insurance against loss or damage on the cargoes of sea vessels, and on the cargoes of steamboats upon the Western waters present a wide field of operations for the agent who is entrusted with Marine as well as Fire powers. There are difficulties however in the management of this department of the business which are peculiar to itself, requiring on the part of the agent a most thorough attention to every circumstance of the risk, and a prompt but cautious judgment in some cases upon a partial representation, and when the actual condition of the property is unknown. This is a marked feature of *Marine* risks, in the strict meaning of the term, and on this account as well as the possibility of a heavy conjunction of risks taken at our several agencies on one vessel between New Orleans and Eastern ports, we urge your special and careful attention to every application before it is accepted, and a rigid observance of the annexed rules and suggestions.

The risks of inland transportation in the Mississippi Valley present also difficulties which are peculiar to the country, and render the application of the principles of Maritime insurance extremely difficult, and in some cases impossible. In what other country or district of country are to be found these almost innumerable and extensive navigable streams? Where such an accumulated number of steamboats? Where shall we find such a strange, unmanageable and frail contrivance as a Western Flat Boat to transport a cargo 2000 miles, and in number almost without limits? And where is the risk from *snags, fire, and collision*, considered the principal and leading danger of the navigation to the underwriter? Where do waters periodically rise so high, and fall so low? Or, where else in the world, does not the principal hazard of Marine insurance arise from storms, hurricanes, a lee shore, piracy, or capture from national enemies. Again, it is the universal practice in sea voyages to employ a commander, mate, and other subordinate officers, who have all served a regular apprenticeship from their youth up, and have thus acquired a familiar knowledge of their duties as seamen, and for the entire management of the ship the mas-

ter alone is responsible. On the other hand our Western Steam and Flat Boats are frequently officered and manned, in part or wholly, by men who have made but one or two trips, and who are in a great degree ignorant of the highly responsible duties they have taken in charge; and the master of the boat, who ought to have a thorough knowledge, both scientific and practical, of the engine, boiler, and machinery, and an intimate practical acquaintance with all the dangers of the navigation is, not unfrequently, a young and inexperienced man, with but little if any knowledge of the two most responsible and important departments. It is true that there are exceptions to this remark, but its general truth will be admitted.

Upon a full consideration of this whole subject, in the year 1848, we reached the conclusion, that considerable modifications of our Western Marine and Inland operations were desirable, in order that a business of so precarious and hazardous a character might be made steadily productive. Certain branches of the business were wholly dropped, and others were continued under suitable restrictions.

Hulls of Steamboats.

These applications are to be all unconditionally declined. The perils of steamboat navigation are vastly increased when the whole interest at risk, cargo, hull, and in many cases freight, and even charges are fully covered by insurance. We prefer, as far as our transactions are concerned, to give additional security to our cargo risks by leaving the steamboat at the risk of the owners. Past experience has fully exhibited the good policy of this regulation. We add moreover that insurance on steamboats, separately considered, has proved a disastrous business. We therefore relinquish this branch wholly for the present.

Freight Lists.

The same general principle of policy which has determined us to decline insurance on steamboat hulls, will apply *measurably* to risks on freights to be earned. If application be made to insure freight money on No. 1 steamboats, (see schedule), you can however take a partial risk of say not to exceed *two-thirds* of the whole interest, leaving *one-third* at the risk of the owner as an additional guaranty for the safety of the cargo. All risks whatever, on the freight lists of inferior boats, are to be declined.

Canal Boat Cargoes.

What may be termed *specific or sole Canal Boat risks*, we wish you to invariably decline. In other words, risks limited to a Canal. A Canal risk *in transit*, as upon goods from Eastern Cities, is admissible. Experience has uniformly shown, (what would otherwise scarcely be suspected,) that the risk on a Canal Boat is of the most disastrous average character in its results, as the risk is thought to be but little, and precautions are omitted

and old and unsafe boats used as long as they will float. The small premium offered is found wholly inadequate to these risks, and you will, therefore, invariably decline them.

Lighters Towed by Steam Boats.

Where obstructions in the navigation make it indispensably requisite, as in the upper Mississippi, the Ohio in the summer and fall, &c., we give the privilege of lightering from steamers; but we wish distinctly to disapprove of the dangerous course which is sometimes adopted, of continuing the voyage with a loaded lighter in tow, after the obstruction is passed. This privilege cannot be granted. The privilege of towing by steamers must be limited to substantial *barges*, such as are suited, by their superior strength of construction, to be driven by steam power.

Flat Boat Cargoes.

A trial of twenty-five years' duration satisfied us, several years since, that, at the rates then current, with the most careful and prudent management of this branch of Western Insurance, the best result that could be realized, was merely a saving business. We were not willing to transact so hazardous and arduous a business as insurance, for nothing, and therefore declined Flat Boat risks. Others did the same, and the result has been a material advance of premiums offered. At these advanced rates, and with a strict adherence to the regulations detailed below for the government of this branch of the business, we shall authorize some risks to be taken; but you will not proceed to solicit or take any risk upon the cargo of a Flat Boat, until you receive a special written authority from us to that effect.

Your attention having been thus turned, by written authority, to this branch of the business, you will soon perceive irregularities and imprudences, upon the part of some of your competitors, similar to those which are observable in the conduct of the Fire business.


You will observe a willingness to cover almost any description of cargo, and a readiness to abate the premium, if deemed requisite to secure the risk, and especially an insufficient regard to the size, construction, and outfit of the boat, and the perishable nature of cargoes. Some also, in a spirit of extreme accommodation may, as in former years was practiced by New York Companies, agree to insure Flat Boat cargoes at Eastern valuation, regardless of the fact that such a practice holds out an unnecessary inducement to the insured to lose his property fraudulently, and thereby to gain a speedy and certain sale of it at the valuation of the highest market in the United States.


Some years since, many instances occurred of insurance on Wall street of *corn in the ear* upon flat-boats from the Wabash, which were lost before they left that river, and were paid for in the City of New York at one

dollar per bushel : when, at the place of loss they would, in a season of the most favorable prices, be considered well sold at one-fourth of that sum. Experience has, however, demonstrated to New York underwriters the fact, which a moderate share of reflection would have shown them earlier, that this class of hazards is best managed by well-informed and experienced local agents, who, being upon the ground, can judge of the value of the particular risk from their knowledge of the quality and construction of the boat, the skill and honesty of the pilot in charge of it, the stage of water in the rivers, and the value of the property sought to be insured,


All these errors of former or present competition, we wish you to carefully avoid, and to bear in mind the following regulations and suggestions for your government

Survey.—In respect to the quality of the boat, sufficiency of crew, and outfit, and the safety of the lading, our reliance is jointly upon your personal inspection, and the certificate of the Flat Boat Surveyor.

 No risk shall be taken by an Agent upon a Flat Boat Cargo, unless the Agent has first been furnished by the assured with the certificate of some competent and disinterested man appointed by such Agent, who shall have made a thorough examination of such Boat before it is laden, and have found it fully equal to the standard herein laid down : and the Agent shall also be satisfied from his own knowledge, and from other reliable sources within his reach, that the pilot is a man of integrity and skill in the business ; that the boat is to have a sufficient number of able-bodied hands to manage it, and is well found in sweeps, hawsers, cables, anchors, a yawl or good skiff, and all other requisites to a successful completion of the voyage contemplated.

 Decline any insurance upon the cargoes of boats inferior to the standard of No. 1.

That you may understand our views of the requisites necessary to fit a Flat Boat for insurance upon her cargo, we annex a description of one as a standard ; and on such a boat, we will, in all proper instances, insure ; but if the Boat, when offered, be found *inferior* to this standard, we wish you, in all cases, to decline it.


 The Flat Boat should not exceed 90 feet long by 18 wide ; the *gunwales* should not be less than 27 inches in depth, by $8\frac{1}{2}$ or 9 inches in thickness ; and if they are spliced, the splice should be *sideways*, about ten feet long, and secured on the inside with an oak plank, 25 feet in length by $2\frac{1}{2}$ inches in thickness, jogged over the cross-ties, and coming up to the top of the gunwales—this plank should be well tree-nailed through the gunwales its whole length. The *bottom* of the boat should be of oak or beech, not less than $1\frac{1}{2}$ inches thick ; there should not be less than *seven streamers* fore and aft, on the floor 10 inches wide by $2\frac{1}{2}$ inches in thickness ; and these *streamers* should be of oak. There should be *fifteen cross-ties* of oak, not

less than 8 inches wide by 4 inches thick. The *gunwale planks* 2 inches thick and 20 inches wide; the *top streaks* $1\frac{1}{2}$ and $1\frac{1}{2}$ inches in thickness. The *studs* should be of oak, $2\frac{1}{2}$ inches in thickness by 8 inches in width, and not more than 3 feet apart from centre to centre. The *roof* should be securely pinned to the side of each stud, and well nailed. If the gunwales are spliced, an additional streamer, of the before named dimensions, should be put on the floor and along side of the splice about 25 feet long.

There should be two good *pumps* and two good *check-posts*. The materials are all required to be of good, sound wood. All of the *seams* below the top of the gunwales should be well caulked, and then secured by a good coat of pitch. No boat should be laden below a depth of 40 inches.

A flat Boat of this description, managed by an honest and skillful pilot, and by six able-bodied men, will be considered by us as *Number One*. This Company will not consent to take risks upon boats of an inferior quality; but if the boat be of smaller dimensions, one or more of the cross-ties may be omitted, and the gunwales may be diminished in width and thickness slightly.

Every flat boat should have a name conspicuously marked upon it, under which it is insured.

 No freight money nor the Boat, to be insured; and risks shall not be taken on cargo if either freight or the boat is known to be insured.

Property Insurable.—This Company will insure no property to be conveyed by flat boats, excepting the articles herein enumerated, to-wit: *whiskey and other liquors; lard and oils; meat and other property in tight casks; flour; meat in bulk and slack casks; engines, castings, machinery, merchandise and furniture; bale rope, bagging, grain in casks or sacks, and live stock.*

Lading.—Your especial attention should be given to the loading of any Boat whose cargo you have insured. See that it is not laden more than 40 inches in depth; that barrel cargo does not, in any case, exceed two or three tiers, and that whatever the cargo consist of, it be so disposed, that there is good communication through the centre of the boat, and ample room around the pumps.

Amount to be covered.

The value taken shall not exceed the market price, at place of shipment, with 5 per cent. added, and no increase of value to be taken after the first insurance is made.

This rule is a salutary one, and its observance is particularly enjoined upon the Agent. It is well understood, by commercial men, that property is worth no more than it will bring in cash, if offered for sale. At Cincinnati, flour may be quoted at \$4 50 per barrel; at New Orleans at \$5 25; at New York at \$6. The flour now, at Cincinnati, will not be worth \$5 25 per barrel, until it shall have reached New Orleans; nor will it be worth

\$6 00, until it shall have reached New York. It acquires its increased value, by the adventitious circumstance of having the cost of transportation and other expenses added to its original value. It is only the more desirable to have the property at New Orleans or at New York, because, when there, the greater demand for the property secures a more ready sale for it than at Cincinnati. If the argument here advanced be not held strictly correct in an economical view, it is sufficiently so for the purpose for which it is advanced in this instance, which is to show, that if the property is insured only at a moderate advance upon its cash value at the place of shipment, the increase of value as it approaches market, will induce the owners to exercise greater vigilance in its preservation, and to take it safely through if within their power to do so. Another argument in favor of this rule is, that owing to the constant and frequent fluctuations in the price of provisions and other property in our commercial cities, if property be insured not much more than it is worth at the place of shipment, and it should be ascertained in the course of the voyage, that it has fallen in value at the place of destination below the sum insured, a great incentive to fraud is offered to the insured; and if accident happens, affording opportunity to lose it, the ways and means of avoiding loss may not be as vigilantly used as they might be, if the loss were not to fall upon the underwriter. If, then, in issuing a policy, the Agent is careful in no instance to insure more upon the property than 5 per cent. advance on its cash value at the time and place of shipment, he will generally be within safe limits; but there are times when some sudden and unlooked for cause may tend to inflate prices so as to make its cash value at the time and place of shipment, with 5 per cent., greater than it is safe to insure.

For example, a short supply of flour and other provisions in the city of New York, during the winter, when the ordinary avenues of transportation to that city are blocked up by ice, or when, from other obvious causes, the deficiency could not rapidly or readily be supplied, the selling rate of such flour or provisions might be raised to an unusual price, thereby causing an unnatural elevation over the whole country; it would be unsafe to insure them under such inflated prices, for the causes producing this state of things being transient and unstable, would soon pass away, and prices would recede so far as to leave the assured under strong inducements to defraud the Company. Hence, it is necessary that the Agent should, in all cases, exercise a sound discretion and judgment; being careful, in no case, to insure property at a value higher than may be indicated (in view of the above rules) by actual cash sales in his neighborhood.

Let the extreme limit, in all cases of risk taken upon any one boat, be \$5,000.

If there is any considerable risk of *ice* to be apprehended, or of *extreme* low or high water, decline taking any risk, rather than accept at an advanced *rate*.

The Agent should insert a clause in the policy, that if any additional cargo shall be put upon the boat, so as to cause it to draw more than 40 inches of water, the policy shall be void, and not binding upon the Company.

Steamboat Cargoes.

Survey.

If the name of the boat be known, ascertain in the first place her quality, as indicated by the class and number, set down opposite her name on the Steamboat Schedule of latest date. This will govern you, unless you have reason to know, that from recent injury or otherwise, the schedule is incorrect.

Steamboats are classified literally and numerically according to their tonnage and strength of construction, thus :

Class A includes all Boats of 300 tons burthen or upward.

Class B " " " between 200 and 300 tons burthen.

Class C " " " " 100 and 200 " "

Class D " " " under 100 tons burthen.

The numbers 1, 2, 3, denote the relative strength of construction, equipments, and general condition.

By recent arrangements made at St. Louis and New Orleans, we shall, hereafter, obtain surveys of boats frequenting those ports, and not frequenting the port of Cincinnati, so that our schedules, which will be furnished you frequently, will be much more complete than heretofore. The quality of the boat thus shown will greatly aid you in determining whether a risk should be taken upon her or not.

In respect to this inquiry, we consider the *literal* classification of far less importance than the numerical, in other words the *size* of the boat is much less important than her age, strength of construction, equipments, &c.; these last named points, with others of a similar nature, as indicated by the *numbers*, are determined by old and experienced steamboat captains in the employ of the Company, and are therefore entitled to and will receive from you the utmost consideration.

No. 2 as well as No. 1 boats are well thought of, but No. 3 boats are to be invariably declined, as they have reached the highest number, indicating either great age or defects which render her unsafe for navigation.

Boats which, from age, extreme defects, injuries, &c., are condemned by underwriters generally, are marked "unriversworthy" in the schedule.

In addition, however, to an habitual use of the steamboat schedule you will not fail to *exercise your own judgment*, as in many cases more reliable in determining the actual *present* condition and safety of any particular boat. The reputation of the commander and officers for skill, temperance and fidelity, should not escape inquiry. Boats which have been condemned in

their regular trade, are frequently taken off, and run up the Arkansas, Wabash, Muskingum, and other smaller streams as a last resort. Avoid all such boats, and if for any good reason whatever (such for instance as being too deeply laden) you are inclined to consider a risk upon any particular boat unsafe, it will be the better course to decline it.

Bear in mind especially the *temporary hazards of navigation*; the risk is far greater upon our Western rivers, at some seasons of the year, than at others. During the summer months, for instance, when the waters are low, and the channel narrow, the danger from collision with other boats, and from snags, sand-bars, &c., greatly enhances the hazard; and during the winter months, when our rivers are covered with floating ice, or in the spring when their banks are overflowed, the greatly increased velocity of the current, and the consequent liability of boats coming into contact with floating logs and with standing trees, and other obstacles upon the banks of the river enhances materially the measure of the risk.

If the name of the boat is not known, your reliance will be upon the implied warranty of river worthiness, which is in law a part of every contract for inland insurance. It is safe and customary, however, to insert in policy or indorsement, the phrase "a good and river worthy steamboat or boats."

Amount to be covered.

You will in no case issue a policy on the cargo of the steamboat for an amount exceeding \$5,000, unless it be on the cargo of a steamboat *down stream*, from your port, of the classes A., B. or C. *No. 1*, in which case you will not cover beyond \$10,000. If you have application for a larger amount, you can present the proposition to this office by telegraph or otherwise.

In respect to articles of cargo of a perishable nature, such as tobacco, baled rope, and bagging, &c., be particularly careful to avoid the exposure of a large amount, as the salvage will in such cases be trifling. On the other hand, you can venture more freely upon pork in tight casks, lard, beef, whiskey, &c. Various causes have contributed of late years to enhance the hazards of steamboat navigation. The leading cause we consider to be the *great increase in the number of boats*—thus increasing the danger of *collision*, causing, by excessive competition, a depreciation in the actual productive value of steamboats, and thus leading to their destruction for the insurance money—an increased difficulty at times of getting sufficient freights in consequence of the competition, so that when a full load offers, owners and officers are tempted, especially if the Boat is fully insured, to take more freight than they can carry with safety; and this overloading is practised with impunity, in view not only of full insurance on the Boat, but of the facility of which, in case of a detention by getting aground, or other cause, the boat and cargo goes into what is called a "*General Average*."

By means of this practice, the officers of the boat and the "Adjuster of Averages," conniving together, bring it about that the Adjuster shall receive a fee of \$500, or more, for making up the papers, and the boat, by being carried in at a low valuation, pays but a trifling sum for the pretended preservation, and the burden of the expenses, consisting of the *Adjuster's fee*, and a heavy bill of compensation for *extra services of the officers and hands*, falls upon the *Cargo*, the owners of which, being scattered all over the country, have no means of concerted or effective redress. This is the nature of an abuse which has grown to be intolerable. The prime cause of the evil is, undoubtedly, a disposition to defraud; but you will observe that the detention, placing the property sometimes in a condition of actual peril, results from *overloading*. Freights being high, and plenty, articles of cargo are rolled on board until the boat draws more water than there is at the time in the channel of the river on the route of the voyage. A necessary consequence is, detention, which the boat makes the cargo pay for in the way above stated.

Lake Risks.

All Agents of this Department will please bear in mind, that no risks are to be taken upon property by sailing vessels, specifically, from and to Ports on the Lakes: i. e. if the applicant knows that his property will not come by a steamboat or propeller, and the risk is confined to the Lakes only, the application to be rejected. This rule will permit select risks on Merchandize from Eastern ports, including a Lake sailing vessel risk,—excluding, however, transportation on sloops or schooners.

Take no risk upon property which can be upon the Lake after the 1st day of December, and avoid risks early in the season, before the navigation is fully open.

All risks upon *live stock* or upon other property placed *on deck*, to be declined on the Lakes.

Marine Risks.

For the accommodation of such of your customers as desire insurance upon goods shipped to them from European ports, or to and from sea ports of this country, you may consider yourself authorized to issue policies in conformity with the annexed suggestions.

On application for risks on the cargoes of sea-vessels, where the risk will necessarily commence at a distant port, you will be certain by examination of bill of lading or other satisfactory voucher that the vessel is not *out of time*, as this may be the very circumstance which has induced the owner to make application. Cases of this sort have very frequently occurred. Policies are applied for, when the sole inducement is a rumor, or probability of some loss. Perhaps such rumor or probability refers to

the very boat on which, or on the cargo of which, insurance is applied for; and as it might be impossible for us to prove such a motive on the part of the applicant, as would vitiate the policy, we wish your attention very specially directed to this point on every application for Marine Insurance.

In order to avoid the heavy losses of a conjunction of risks between New Orleans and Eastern ports, we must limit the amount to be taken in this trade to \$6,000 on any one vessel. In taking other sea risks, you will not exceed \$8,000 on any one vessel.

If intelligence is received of the loss of a vessel or steamboat upon any route, and shortly thereafter you are applied to for insurance on goods coming by that route, be careful to make a written exception in the policy or endorsement against any loss or damage to the goods upon that boat, as such a risk would be extreme, and by no means adapted to the ordinary rates of premium, nor would we wish to assume it for an advanced rate of premium.

You will please consider it among your special duties to wait on the different merchants in your place and its vicinity who are in the practice annually of purchasing their goods in the Eastern cities, and endeavor to procure these risks on their goods, per vessel, from the Eastern ports to your place. Our rates are the same as those charged by Eastern offices, and they would in general prefer having the business done by an agent who resides in the town where they live, than to risk the trouble and difficulty of recovering a loss of an Eastern office.

CHAPTER II.

OF THE POLICY.

The form of the written part of a marine or inland policy, covering a single shipment, consists merely in a concise statement of the leading facts, such as the name of the insured—the amount covered—the name or kind of vessel—the commencement of the risk—the termination of the risk, and the rate of premium. Thus—

Ordinary form, covering a Single Shipment.

Lost or not lost.....
of.....

[If the goods belong to a third party insert “for account of _____, or if the ownership be mixed or uncertain, insert “for account of selves or whom it may concern”] in the sum of _____ dollars, per steamboat _____, [or per good steamboat or boats,] on [here describe in general terms the kind of property insured], _____ from _____ to _____, and landed.

\$ _____, @ _____ per cent. \$ _____.”

It has been the practice of some agents to issue a policy, for instance, *in the sum of “\$5,000, on goods to be shipped within two months, say from 1st September to 1st November, 1852 from New Orleans to St. Louis by good steamboat or steamboats.”* Such policies, you will perceive on a little reflection, are highly objectionable, and must in no instance hereafter be issued unless guarded by a more definite description of the risk; because such a policy might be made to cover *eight, ten*, or more shipments of \$5,000 each, for the same individual, if all were shipped within the two months; and if *either of them* were lost the claim would be considered good against the office, and might perhaps be recovered, although but one premium had been received. You will, therefore, in future issue no policy of this description (unless you can identify the vessel or steamboat) without specifying in the policy at least the *date* and the *amount of the invoice of the property covered*, and any other particulars with which the applicant can furnish you, in order distinctly to identify the property which the policy is intended to cover. If the applicant cannot thus expressly describe the property, you will decline issuing a policy.

The above form is designed for a single adventure. As it becomes, however, inconvenient to draw a new contract for each particular shipment.

you will grant what are termed *open policies*, which are designed for endorsements of successive shipments from time to time.

Open Policies.

[The term *open policy*, as used to characterize a form which is subject to endorsements, must be carefully distinguished from the technical term *open policy*, meaning *not a valued policy*. In this latter sense a policy is termed "*open*," because it is open to proof of the actual value at risk or lost, while a valued policy is not thus open—the simple question being, *is the property lost*. If it be lost, the agreed value settles the extent of claim upon the underwriter.]

We annex a form of the written part of an open policy, that is, a policy designed for successive endorsements.

"Do by these presents cause to be insured, lost or not lost, [for self or whom it may concern] on property to be shipped on board good vessels or boats to and from _____, and Eastern ports, and on the Western waters, as will be particularly described by endorsements on this policy. *It being expressly understood and agreed that this policy shall attach upon no property whatever, unless the amount taken, and the leading particulars of the risk are endorsed hereon by _____ the authorized agent of the Protection Insurance Company; and whenever application is made to him to make such endorsements, it shall be optional with him to endorse the risk or decline it.*"

You will make no endorsement on such policies without *deliberation*—precisely as if it were an application for a policy on a single risk; and if there are any peculiar circumstances which render the risk undesirable, you will, without hesitation, decline endorsing it on the policy. In making the endorsement, you will be particular to state not only the *amount taken*, but the *name of the vessel or steamboat*, the *date and amount of the invoice*, the *time of the vessel's sailing*, and the *rate and amount of premium*, together with the *date of your endorsement*, or, if all these points cannot be furnished by the applicant, you will, at least, make the endorsement to embrace facts sufficiently *clear* to identify the risk.

You can issue an open policy of the foregoing form to any of your regular customers who may desire one.

Contract Policies.

The above is the ordinary form of the filling up of an open policy designed for endorsements, *so long as may be agreeable to both parties*. If either dissents, the contract has no binding force (in respect to shipments not endorsed,) either upon the Company for losses, or upon the insured for premiums. If, however, it be desired to agree upon insurance at certain *rates of all shipments whatever* made by an individual or firm, upon routes stipulated, or by all routes, at current rates, during a certain period of 3, 6, or 12 months, a different form, termed a Contract Policy is used.

The Contract Policy is a form which we are extremely reluctant to issue, as it affords peculiar facilities for unfair dealing on the part of the insured. You will therefore be especially cautious, not to grant a *general contract policy*, which is designed to cover *all* risks of the party; nor a *special contract policy*, which is designed to cover *all risks by a stipulated route*, unless you are fully satisfied that the verbal representations, statements, and written accounts to be rendered may be *implicitly relied upon* as a full and fair exhibit of the risks which have been incurred by the company. These accounts are to be rendered to you *monthly*, and you will in no instance permit an account under a contract policy to run over one month without a full statement of risks which have terminated, and a settlement of premiums to date. Annexed is the form of a *general contract policy*.

"Do by these presents cause to be insured, lost, or not lost, of
on goods, wares and merchandize, of every description, shipped, and to be shipped, to, or from all foreign, eastern or gulf ports, and to and from all ports on the western waters, from the
day of 185 , to the day of 185 .
The value insured to be the invoice prices, with ten per cent. added thereto.

Reports of shipments, accompanied by invoices, to be furnished *monthly* to , Agent of the Protection Insurance Company."

Each risk is to be endorsed on the back of the policy, by statement of the leading particulars, so soon as you are furnished with the report and invoices. The report you will forward to the General Agency office, with your monthly returns. The invoices, after you have fully inspected them, are to be returned to the insured, with his policy properly endorsed.

Endorse upon all policies contracting for insurance, during a period exceeding three months, on property to or from European ports, or between Atlantic ports and ports in the Gulf of Mexico, the following stipulation, to wit:

"It is hereby understood and agreed, that, in the event (not contemplated by this contract) of actual or threatened hostilities between the United States and any foreign power, this instrument shall terminate at the end of thirty days from the date of written notice to that effect, to the within assured, by Agent."

This, which is termed the "*war clause*," we consider it important to have it inserted in all *time* contracts, in view of the precarious state of our foreign relations.

Valuations.

You will find that the ordinary form of Marine and Steamboat Cargo Policy has a blank in the margin for a valuation, thus : Valued at \$. This blank is not, however, to be filled, unless the applicant especially desires it. In such a case you can insert the invoice value, or the invoice

value with 10 per cent. added, as the case may be. You will not, however, exceed 10 per cent. advance on the prime cost, in any case whatever. Such are the fluctuations in prices, particularly of produce, that unless the utmost caution is observed, cases will constantly occur in which the articles can be disposed of by a loss, with much more benefit to the owner than by a safe arrival and sale at the port of destination.

Averages.

The term average is somewhat loosely used. We explain its meaning in the printed form of policy, and in its customary connection therewith. It is common to say that "a claim falls short of an average." Insurance Companies by their printed form of policy are not liable for loss or damage on any property, unless it amounts to *five* per cent. on the whole sum at risk. The object of this clause is to exclude all *petty* claims for loss, as the reasonable presumption is that a slight damage of two, three or four per cent. has in fact arisen from bad stowage or exposure, for which the *carrier* is liable, or from some inherent quality of the article, as internal decay, or defect in the package, causing loss by leakage, breakage, or otherwise. All these minor losses are excluded from the policy.

There are also certain articles which are especially liable to *total* loss, in case of accident. Partial losses, falling short of a given rate per cent. are therefore excluded, upon a general presumption that if the damage does not amount to an average, it has not been caused by a disaster to the vessel; or if there has been an accident, it is not of so serious a character as properly to bind the underwriter.

Special averages we enumerate as follows, in the language of the policy: "The insurers shall not be liable, except in cases of general average, for loss or damage on Hoop or Sheet Iron, Wire, Tin Plates, Grain, Seeds, Corn Meal, Paper, Paper Hangings, Books and Stationery, Pictures, Oil Cloths, Musical Instruments, Cheese, Salt, Hides, Hay, Hops, Fruit, Vegetables and Roots, Carriages and Household Furniture, nor on Furs, Skins and Peltries, (except in tight casks,) unless it amount to TWENTY-FIVE per cent. on the aggregate value of such articles: Nor for loss or damage on Flax, Hemp, Hempen Yarn, Bale Rope, Cotton Bagging, Leaf Tobacco, Cigars, Coffee, Sugar, Rice, Bread and Nuts, unless it amounts to TEN per cent. on the aggregate value of such articles."

The term *package average* is used to indicate that the special average of 5 or other rate per cent. as above stated, is not to be applied in case of damage, to the *whole* shipment, but either to each package, or to each lot containing a stipulated number of packages. This stipulation is often desired, on account of the fact that the damage may fall short of such an average as will entitle the insured to claim under his policy, if the loss be computed upon *the whole shipment*; if, however, it be computed upon each package, or perhaps upon each consecutive *ten* of the damaged packages,

the loss may amount to a claim under the policy. You will, therefore, frequently be solicited to grant what is called package average, which you can do by endorsement on the policy, with a stipulation that in computing the average, every *ten* packages taken at random, or if numbered in their numerical order, are to be separately appraised. For this endorsement you will charge such an advance (not exceeding one-fourth of one per cent.) upon the ordinary rate of premium, as you may consider adequate under the circumstances.

The term *general average* is fully explained in a subsequent chapter.

Endorsements.

Whenever you endorse upon a marine policy a provision for return of premium, you will add the following clause, "but there will be no return premium in case of loss."

CHAPTER III.

OF THE PREMIUM.

There is such a degree of unavoidable complexity in the rates of premium which properly correspond with the almost innumerable diversities of routes, among so many possible points of departure and destination in the West, that it becomes a matter of some difficulty to present distinctly, as well as concisely, our views respecting inland rates. We shall necessarily omit some risks which will be wanted; but that you may be in possession of our general views, we annex tables of our standard rates upon the leading routes.

River Rates.

You will please consider the rates set down on the annexed table as the standard for insurance of steamboat cargoes, to and from the ports named respectively, making such occasional deviations from this standard as you may find reasonable or expedient, in any particular case. [See p. 19.]

Flat Boat Cargo Rates.

In those cases in which insurance on the cargoes of Flat boats has been expressly authorized, as stated in Chapter I, the annexed rates of premium are to be charged upon boats approved in respect to the qualifications of pilot, etc., as well as duly certified by your surveyor to be of No. 1 quality, and satisfactorily laden, in good stages of water, and with no extraordinary risk, such as heavy ice or flood-wood.

From Ports on the Ohio River, not above Cincinnati, to New Orleans.

Class 1st.	On Whisky and other Liquors, Lard and Oils,	1½ per cent.
" 2d.	On Pork and Beef in tight casks,	2 "
" 3d.	On Flour,	2½ "
" 4th.	On Bulk Meat and Bacon in Slack Casks,	2¾ "
" 5th.	On Engines, Castings, Machinery, Merchandize and Furniture,	3 "
" 6th.	On Bale Rope, Bagging, Grain in casks or sacks, and Live Stock,	5 "

From ports and places on the Ohio River above Cincinnati, one-quarter to one per cent. should be added to the above rates, and from ports and

STANDARD RATES OF INSURANCE OF
STEELE & COMPANY

ON NO. 1. BOATS WHEN THERE IS NO OBSTRUCTION OF NAVIGATION FROM LOW WATER OR ICE,

Between Pittsburgh, Cincinnati, St. Louis and New Orleans, and sundry Ports on the Western Waters

Termination of Risk	Commence- ment of Risk.	PITTSBURGH.	CINCINNATI.	ST. LOUIS.	NEW ORLEANS.
Pittsburgh, Pa.....					
Wheeling, Va.....		124			
Marble, O.....		30	30		
Zanesville, O.....		374	30	50	
Gallipolis, O.....		35	25		
Portsmouth, O.....		35	15		
Maysville, Ky.....		40	10		
Cincinnati, O.....		50			
Frankfort, Ky.....		574 524	55 50		
Madison, Ia.....		574 524	55 50		
Louisville, Ky.....		574 524	55 50		
Bowling Green, Ky.....		574 524	55 50		
Evansville, Ia.....		574 524	55 50		
North of Whash.....		574 524	55 50		
Vincennes, Ia.....		1.124	50 524		
Terre Haute, Ia.....		1.25 1.374	75 574		
Covington, Ia.....		1.25 1.374	75 574		
Lafayette, Ia.....		1.50	35	75	
Delphi, Ia.....		55	1.25 1.374	1.25 1.374	
Smithland, or Paducah, Ky.....		55	75	574	
Nashville, Tenn.....		1.25 1.374	1.25 1.374	1.25 1.374	
Florence, Ala.....		1.25 1.374	1.25 1.374	1.25 1.374	
St. Louis, Mo.....		1.25 1.374	1.25 1.374	1.25 1.374	
Alton, Ill.....		1.25 1.374	1.25 1.374	1.25 1.374	
Mercedosa, Ill.....		1.25 1.374	1.25 1.374	1.25 1.374	
Pekin, Ill.....		1.25 1.374	1.25 1.374	1.25 1.374	
Quincy, Ill.....		1.25 1.374	1.25 1.374	1.25 1.374	
Keokuk, Iowa.....		1.25 1.374	1.25 1.374	1.25 1.374	
Burlington, Iowa.....		2.00 2.124	1.50 1.624	1.50 1.624	
Muscatine, Iowa.....		2.50 2.624	2.00 2.124	2.00 2.124	
Galea, Ill, or Dubuque, Iowa.....		2.50 2.624	2.00 2.124	2.00 2.124	
Patric du Chien.....		2.50 2.624	2.00 2.124	2.00 2.124	
St. Paul, Minnesota		1.75 2.00	1.25 1.50	1.25 1.50	
Jefferson City, Mo.....		1.75 2.00	1.25 1.50	1.25 1.50	
Booneville, Mo.....		50 1.00	50 1.00	50 1.00	
Cairo, Ill.....		50 1.00	50 1.00	50 1.00	
Memphis, Tenn.....		50 1.00	50 1.00	50 1.00	
Yazoo City, Miss.....		50 1.00	50 1.00	50 1.00	
Vicksburg, Miss.....		50 1.00	50 1.00	50 1.00	
Natchez, Miss.....		50 1.00	50 1.00	50 1.00	
New Orleans, La.....		50 1.00	50 1.00	50 1.00	

DIRECTIONS—To ascertain rate of Premium, say from Cincinnati to Nashville, Tenn., run out the horizontal column from "Cincinnati" until it intersects the vertical column headed Nashville, which gives the rate, *three-fourths of one per cent.* Steamboats are numbered as 1, 2, or 3, according to their strength of construction, equipments, and general fitness for navigation. N. B.—The foregoing are the Rates upon No. 1 Boats. On No. 2 Boats add 10 per cent to the above figures. What boats are No. 1 or 2 you will see by a glance at your *Inter States Steam Boat Schedule*. Decline all risks upon No. 3 boats, as well as those selected upon the Schedule "unfavorably."

NOTE—If the investigation is obstructed or likely to be by law or too, charge a suitable additional rate. For the privilege of reshipment one quarter per cent additional to be charged.

Risks upon Steam Boat *freight money and charges* to be charged double the cargo rates.

places on the Muskingum River, one-half of one per cent. additional should be charged.

Memo.—To Eastern ports, via New Orleans, $1\frac{1}{4}$ per cent. additional (for *Sea risk*) to be charged on Flour and all property in tight casks, and $1\frac{1}{2}$ per cent. on all other property.

☞ If privilege be given to drop alongside of a vessel at New Orleans to discharge, *one-half of one* per cent. additional shall be charged ; but the Company would prefer that this privilege should in no case be given.

☞ An additional charge of five cents on each one hundred dollars, is made for each day, for the privilege of lying at the port of departure or destination, or any intermediate ports, other than provided for in the policy, and in case of grain, in casks, or sacks, the extra charge for said privilege to be *ten* cents per diem.

☞ Trading or coasting trips to be charged one per cent. per month, and are deemed undesirable.

LAKE RATES.

DESTINATION.	BY STEAM-BOATS & PROPELLERS.				BY SAILING VESSELS			
	April, May, June, July, Aug.	September.	October, March.	November.	April, May, June, July, Aug.	September.	October, March.	November.
From BUFFALO to places on LAKE ERIE, not west of CLEVELAND.	$\frac{1}{4}$	$\frac{3}{8}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{3}{8}$	$\frac{5}{8}$	1	1
Vice versa the same.								
From do. to places west of Cleveland and not west of DETROIT.	$\frac{3}{8}$	$\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{1}{2}$	$\frac{3}{4}$	1	1
Vice versa the same rates.								
From BUFFALO to places beyond DETROIT, and to places not south of the S. end GREEN BAY.	$\frac{5}{8}$	$\frac{3}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	1	$1\frac{1}{4}$	2	2
Vice versa the same rates.								
From BUFFALO to MILWAUKIE, St. JOSEPHS, GRAND HAVEN, RACINE, SOUTHPORT, CHICAGO, and places on the west side of the Lake, as far south as Chicago.	$\frac{3}{4}$	1	$1\frac{1}{2}$	2	$1\frac{1}{4}$	$1\frac{1}{2}$	2	3
Vice versa the same.								
From BUFFALO to MICHIGAN CITY, and all other places on the east side of Lake Michigan, except St. Josephs and Grand Haven.	1	$1\frac{1}{4}$	$1\frac{3}{4}$	$2\frac{1}{4}$	$1\frac{1}{2}$	$1\frac{3}{4}$	$2\frac{1}{2}$	$3\frac{1}{2}$
Vice versa the same.								

On risks from a place on Lake Ontario, to another place on the same Lake, by steam, sailing prior to the 1st of September,.....	$\frac{1}{2}$ per ct.
Do. do. do. by vessels,.....	$\frac{3}{4}$ "
Do. do. if sailing after 1st of September, and prior to 1st Oct., by steam,.....	$\frac{1}{2}$ "
Do. do. do. by vessels,.....	$\frac{3}{4}$ "
From Buffalo to Mackinaw or Sault St Marie, or vice versa, by steam vessels, sailing prior to 1st Sept,.....	$\frac{3}{4}$ "
From Buffalo to Mackinaw or Sault St. Marie, or vice versa, by sailing vessels, sailing prior to 1st Sept.....	1
Do. do. if sailing after 1st Oct., additional,.....	$\frac{1}{4}$ "
On the above risks, sailing after the 1st September, an additional premium, to make it conform to the Green Bay rates.	
From Buffalo to places on Lake Superior, sailing prior to 1st Sept., by steam $1\frac{1}{2}$ per ct.—sailing vessels,.....	2 "
From Buffalo to places on Lake Superior, sailing on and after 1st Sept., by steam, 2 per ct.—sailing vessels,.....	$2\frac{1}{2}$ "

If, in connection with the above, the risk commences at New York or Boston, add one quarter per cent. to the above rates, for Canal risk, or one-eighth per cent. for Railroad risk.

Observe generally, in respect to rates upon inland and other extensive routes, that the aggregate is to be made up of the rates respectively chargeable upon the Canal, Railroad, Lake, River, Gulf, and Marine risks, which compose the route.

For each wagon route add one-eighth of one per cent.

Gulf, Coastwise and European Rates.

To and from the Port of New Orleans.

To ports on the Western side of Florida	@ $\frac{1}{2}$ p.ct.
To any Atlantic port in the United States, sailing on or after October 10th, and before July 20th.....	@ $1\frac{1}{4}$ "
Sailing on and after July 20th, and before October 10th.....	@ $1\frac{3}{4}$ "
To any port in Europe (exclusive of the North Sea), sailing on or after October 10th and before July 20th.....	@ $1\frac{1}{4}$ "
Sailing after July 20th, and before October 10th,.....	@ $1\frac{3}{4}$ "
(One quarter per cent. additional to ports in Europe to be charged on Tobacco, subject to average.)	
To Havana and Matanzas,	@ $\frac{3}{4}$ "
To Galveston.....per sail vessels.....	@ $1\frac{1}{4}$ "
To Matagorda..... do. do.	@ $1\frac{1}{2}$ "
To Brazos St. Iago..... do. do.	@ 2 "
To Matamoros,	@ $2\frac{1}{2}$ "
To Tampico..... do. do.	@ $1\frac{1}{2}$ "
To Vera Cruz..... do. do.	@ $1\frac{1}{2}$ "

(To the above ports in the Gulf of Mexico, per steam packets, $\frac{1}{4}$ per cent. less.)

From any Atlantic port in the United States, sailing on or after October 15th, or before July 25th.....	@ $1\frac{1}{2}$ "
Sailing on or after July 25th, or before October 15th.....	@ 2 "
From Havana and Matanzas.....	@ 1 "
From ports on the Western side of Florida.....	@ $\frac{1}{2}$ "
From ports in Europe.....	@ 2 "

$\frac{1}{4}$ per cent. additional to and from ports in *Cuba*, and $\frac{1}{2}$ per cent. additional to and from ports in *Jamaica and other West India Islands*, during hurricane months, viz : from 20th July to 10th October.

[N. B.—The rate of premium from Eastern, Foreign or Gulf ports via New Orleans to any place on the Western waters, will be obtained by adding the river rate to the sea rate as above stated.]

From one Eastern Port to Another.

Boston to New York through the Sound, <i>from the 1st April to 1st September</i> ,	@ $\frac{1}{4}$ p. ct.
“ to do., Philadelphia or Baltimore by sea, <i>from 1st April to 1st Sept.</i>	@ $\frac{1}{4}$ “
“ <i>from 1st Sept. to 1st April</i>	@ $\frac{1}{4}$ “
Boston, New York or Philadelphia, by sea to Baltimore, viz:	
“ <i>from 1st of April to 1st September</i>	@ $\frac{1}{4}$ “
“ <i>from 1st September to 1st April</i>	@ $\frac{1}{4}$ “
Boston or New York to Philadelphia by sea the same as Baltimore.	
Boston to Albany by sea.....	@ $\frac{1}{4}$ “
“ “ through the Sound.....	@ $\frac{1}{4}$ “

~~No~~ No Fire risk on shore is to be taken prior to the inception of the Marine risk, except at a stated extra premium, which you will fix according to the hazard.

GOODS ON DECK NOT INSURABLE.

Should cases occur where a short credit is asked on Marine premiums, you will receive an *indorsed note*, and be sure the security is positive and unquestionable. But where the premiums are less than \$50, a credit ought not to be asked.

It may sometimes happen where the amount of business from a single firm is heavy, that a running account for several months can be allowed with propriety. The usage of other companies will determine whether this is expedient or not. We prefer, as far as practicable, to do a cash business. You will not, however, in any case, extend credit to any other than your most responsible merchants.

If it be made to appear to your entire satisfaction that any given shipment which you have insured, has not in fact been at the risk of the office, either by an actual sale, in transitu, or by the detention of the goods at an intermediate port, or by a prior *valid* insurance to the full amount of the value of the property, you can make an equitable return of premium, retaining in every case 25 per cent. of the same as an equivalent for the contingent risk incurred by the company. Should the amount of return premium claimed exceed the sum of *twenty-five* dollars, you will require affidavit to be made as a proper voucher to satisfy the office of its correctness.

We add for your assistance, in judging of statements which may be made to you, the New York standard rates upon western risks, viz:

NEW YORK STANDARD RATES

ON

Western Rivers, Canals and Lakes.

Charging additions for the SEASON and for OVERLAND ROUTES.

From New York to Philadelphia,.....	$\frac{1}{2}$	per cent.
“ “ Pittsburgh,.....	$\frac{1}{2}$	“
“ “ Wheeling,.....	$\frac{1}{2}$	“
“ “ Marietta, via the Ohio River,.....	$\frac{1}{2}$	“
“ “ “ “ and thence to Newark, in Licking County, in the State of Ohio,.....	1	“
“ “ Cincinnati, via Philadelphia or Balti- more by way of the Canals and Rail Roads, or via Buffalo and the Canals and Rivers, if shipped after 1st of April and prior to the 23d day of Aug., via the Lakes,.....	1	“
“ “ Louisville, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Henderson, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Memphis, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Vicksburg, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Cincinnati & Yazoo, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ “ St. Louis & Alton, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ “ “ Keokuk, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Nashville, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Tuscumbia, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Florence, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ places above the Muscle Shoals, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Terre Haute, on the Wabash, via Ohio River, do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ St. Louis or Alton, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Marion City, Quincy, and Keokuk, do. do... 1 $\frac{1}{2}$	1 $\frac{1}{2}$	“
“ “ Burlington, Oquawka, Bloomington now Muscatine, Rock Island & Hampton, } “ “ Fulton City, Charleston, Savannah, } “ “ Galena, and Dubuque,..... } “ “ Prairie du Chien, St. Peter's, and the Falls of St. Anthony,..... } “ “ Independence, and the Falls of St. Anthony,..... }	2 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ 2 $\frac{1}{2}$	“ “ “ “ “
From New York, via the Ohio River to St. Louis,.....	1 $\frac{1}{2}$	“
“ “ “ Lakes, by steam, after the 1st April and prior to the 23d Aug., } “ “ to St. Louis, and up Missouri River to St. Charles, } “ “ “ “ Jefferson City, } “ “ “ “ Boonville,.... } “ “ “ “ Glasgow,.... } “ “ “ “ Camden,.... } “ “ “ Liberty, Independence, and the mouth of the Kansas,..... } “ “ “ and Fort Leavenworth, Weston & Platte City,..... } “ “ “ and the Oregon and Deseret Depots, and Council Bluff,..... }	1 $\frac{1}{2}$ 1 $\frac{1}{2}$ 2 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ 5 $\frac{1}{2}$	“ “ “ “ “ “ “ “ “ “ “
From Pittsburgh to St. Louis or Alton,.....	1	“
“ “ “ Marion City, Quincy, Keokuk,.....	1 $\frac{1}{2}$	“
“ “ “ Burlington, Oquawka, Bloomington, now Muscatine, Rock River, Rock Island, and Hampton,..... }	1 $\frac{1}{2}$	“

From Pittsburgh to Fulton City, Charleston, Savannah,	}	1½	per cent.
Galena, and Dubuque,.....			
“ “ Prairie du Chien, St Peters, and the	}	2	“
Falls of St. Anthony,			
“ St. Louis to Boonville, or vice versa,.....	1	“	
“ “ to Independence, Mo., or vice versa.....	1½	“	
“ New Orleans to places on Ohio River, and thence	}	2	“
via Pittsburgh and overland to New York,.....			

If the risk is to places on the Ohio River via the Lakes, the premiums not to be less than is charged to places on that River, via Pittsburgh, and after the summer season adding thereto an advance, according to the advance on the Lake rates; adding also an additional premium, if by vessels up the Lake.

In ascending and descending rivers, the rate for the place above is to be taken as the premium for all intermediate places.

CHAPTER IV.

OF THE LOSS.

The following vouchers are requisite in general for substantiating a claim for loss under a marine policy.

1. *Original Policy*, or an exact copy, with all endorsements certified by the agent.

2. *Original Invoices* of the property covered.

3. *Bill of Lading*.

4. *Protest and Extended Protest*.

5. *Account of Sales* with Port Warden's certificate attached—if any part of the property is saved and sold—if the property is unsold, a legal appraisal of its value.

6. *Claimant's Bill*, or account with vouchers, for the several items shewing the actual amount he claims of the office attested by his oath or affirmation.

7. A letter from the resident agent giving any further details of facts within his knowledge, and his opinion of the whole case.

N. B. Ordinarily, these documents furnished by the assured and the agent will enable the office to make up an adjustment;—although cases not unfrequently occur, when in order to make up a satisfactory award, further vouchers are required.

These vouchers should be enclosed to the General Agency Office as soon as possible after the loss, for examination, in order that the claimant may have no reason to complain of delay in receiving our award. So soon as the file of papers is complete the case will be carefully reviewed, an award drawn up, and the amount entered on the books of the General Agency Office to the credit of the claimant. The award will also be enclosed to you by next mail. Should it appear in any case that an error has been made, it will be corrected. Our object in furnishing copies of our awards is, that you, yourself, as well as the assured may the more distinctly understand the principles of adjustment by which we are governed, and be fully satisfied that our course in these matters is just and uniform.

In order that you may know beforehand the course which we shall take in cases of loss, and be able to satisfy any enquiries which may be made by your friends and the customers of the office, we subjoin a brief outline of

the principles and mode of procedure in the ordinary cases of General Average—Partial Loss—Total Loss—Abandonment, etc.

General Average.

Claims for a general average contribution may be properly classified under two heads viz: *First, Restitution.*—When a sacrifice has been deliberately made of a particular interest, at a time of general peril, for the benefit of all parties concerned. In such a case the loss of one is directly converted to the gain of others—and the loser has a right to claim restitution. The most ordinary cases arise from throwing overboard articles of cargo to lighten ship—damage done to goods on deck or in the hold, the hatches having been opened for the purpose of affecting a jettison—and damage done to the vessel by cutting away the masts, rigging, &c., when in distress, and the general safety appears to require such sacrifices. *Secondly, Recompense.*—Which covers all claims for indemnity in the case of expenditures by one party for the general benefit—as the hire of extra hands to pump ship, extra pilotage on putting into a port in distress; expenses of unloading and reloading for the purpose of repairing the vessel, &c., &c.

The value of the property destroyed, or the aggregate amount of the expenses incurred for the general benefit is to be made up by a general assessment,—each party paying his just proportion, according to the value of his shipment, and if the property be insured, the claim for re-payment to the assured will be admitted with this qualification, viz: If the property insured be valued in the statement of average, beyond the amount which has been insured, the assured shall recover under the policy only the proportion of the sum assessed, which the sum insured bears to such valuation. General average claims, which are unobjectionable in all other respects, will be admitted, although the amount of the assessment may fall short of the *five per cent.* special average.

Partial Loss.

A partial loss may arise under two general forms, viz: *First*—a total destruction of a part of the shipment, which presents the simplest possible case for an adjustment, and *secondly*—a damage of the whole or a part of the shipment by contact of water, the whole remaining in bulk. This latter, which is the more usual case, is technically termed a particular average, to distinguish it from the total loss of a part of the shipment, which is the strict meaning of the term partial loss.

In case then, of a partial loss, our award will be furnished upon the basis of the invoice value, together with the actual shipping charges and the premium of insurance. If, however, the goods have been held by the assured at the port of sailing for some time prior to the date of the shipment, we shall substitute for the prime cost the actual value at the port of *lading on the date of departure*, adding, as before, the shipping charges

and premium of insurance. This, as between the parties, to the policy, will limit the value of the goods, in the ordinary case of an open policy. A stipulation may, however, be inserted, such as the 10 per cent. advance on prime cost which will vary the award accordingly. If the policy be valued, the prime cost, or the value at the port of lading are wholly thrown aside, and the award as well in the case of a partial as of a total loss, will be based upon the agreed valuation, whatever it may be. We wish you, therefore, to use especial care in issuing a valued policy.

Particular Average.

In the settlement of a particular average loss as above explained, the aggregate value at risk, which is to be taken as the basis of the award, is determined upon the same principle as in the case of a partial loss, viz : (in the absence of an agreed value,) the prime cost, or the cash value at the port of departure, with shipping charges and premium of insurance. If the goods are considerably damaged, and arrive in this state at the port of destination, a sale at public auction, for account of whom it may concern, under the inspection of a port warden, is the usual and proper course. Let us suppose, then, that the account of sales of the damaged goods, shows by comparison with the certified value of sound goods of the same original quality, on the same date, a falling off of 35 per cent. in gross value. This is manifestly the damage which has been sustained, and our award will be *in the same proportion*, calculated upon the agreed value, if the claim be under a valued policy, or upon the value at the port of departure, with shipping charges and premium of insurance, if it be under an open policy. In comparing the sound and damaged value at the port of destination, so as to determine the proportion of damage, we shall, in all cases, make use of the *gross* proceeds of the damaged as well as the sound article, furnishing, as this mode does, a fair and uniform result in all cases. To the amount obtained by the above calculation, are to be added whatever special charges may be considered admissible, viz : in general *extra freight*, i. e. if a transshipment becomes necessary, the office will consider itself liable for the excess, if any, of the freight paid from the place of disaster to the port of destination, over and above the rate of freight per original bill of lading—*Port Warden's fees*, for inspection and certificate—*Advertising* of the sale of the damaged goods—*Auctioneer's commission*, and, in general, all reasonable charges of the sale. The aggregate of the *damage* by comparison of sound and damaged sales, and *special charges* as above stated, will, in all cases, determine the amount of our award. The following stated case may serve as an illustration :

Suppose a shipment of eleven casks of hardware from Liverpool to New Orleans, per good vessel, insured in the sum of \$3,000, under an open policy, containing a stipulation that 33 $\frac{1}{3}$ per cent. shall be added to prime cost to cover shipping charges, premium, exchange, and *duties payable* &

the port of New Orleans. Suppose the prime cost at Liverpool to be £506 5s. 2d., or reduced to Federal currency, \$2,250. On arrival at New Orleans. the whole shipment is found to be damaged by the disasters of the voyage, and the parties being non-resident, a sale at public auction for account of whom it may concern, is ordered by the Port Warden. Suppose the *gross proceeds* of the sale to be \$1,936 41, and that the gross value of the shipment (by certificate of two disinterested merchants,) if it had arrived in a sound state, would have been \$3,417 63. Upon this stated case, we should furnish the following

AWARD.

Prime cost,	\$2250 00
Add per agreement, to cover shipping charges, Insurance, Exchange and Duties, 33½ per cent.	\$750 00
Amount covered,	\$3000 00
Sound value,	\$3417 63
Damaged Sales,	\$1936 41
Gross damage,	\$1481 22
\$1481 22 is 43,3405-10,000 per cent. of	\$3417,63
Gross damage 43,3405-10,000 per cent.	
43,3405 per cent. of \$3000 is	\$1300 21

SPECIAL CHARGES.

<i>Extra Freight</i> paid from Matanzas, the vessel having been compelled to put in and re-ship her cargo,	\$125 00
Deduct freight per original Bill of Lading,	\$94 16
	\$30 84
<i>Port Warden's Fees</i> ,	\$10 00
<i>Advertising</i> , say	\$ 3 50
<i>Auctioneer's Commission</i> on \$1936 41, @ 2½ per cent.	\$48 40
Aggregate,	\$1392 95

Cases may occur in which other charges will be allowed. The above, however, comprises all the ordinary items of a particular average settlement.

Total Loss.

The extent of the original interest under a policy is determined in precisely the same manner, whether the loss be partial or total. We need

not, therefore, recapitulate in detail, but simply state that if the insurance be under an open policy, and the loss be total, the amount to be paid will consist in general of the prime cost, shipping charges, and premium of insurance; and if, under a valued policy, the whole amount of valuation is to be paid without premium or charges of any kind whatsoever.

The term total loss is used in a technical sense, meaning a loss of 50 per cent. upon the value of the article, which entitles the assured under certain circumstances to a settlement in the same manner as if the loss were total. It is a condition precedent, however, to his recovery for a total loss that he, in the first place, fully transfers all right, title and interest in the damaged property to the underwriter. This intermediate act is termed an *abandonment*, of which we shall now briefly speak.

Abandonment.

The right to abandon and claim for a total loss may arise under a great variety of circumstances,—all, however, depending upon one general principle, viz: that by force of the peril's insured against, the enterprise has been *substantially* frustrated, so that although the goods even to a considerable value may remain in bulk, they are wholly useless for the purposes of the assured, and therefore it becomes his right in law, as it plainly is in equity to abandon his ownership, and claim the full benefits of his insurance. The general nature of the principle admits of a great variety of special cases. The following most frequently occur in practice.

First. The insured receives advices of the imminent peril of his goods, so that in all human probability the loss will be immediate and total. He has a right to abandon.

Secondly. He receives certain advices that his goods have been saved in a damaged state, and that their actual value is less than 50 per cent. of their value, if sound. He is entitled to abandon.

Thirdly. He learns that his goods have been saved in a damaged state at an intermediate port—that the vessel is *unseaworthy*, and that there are no means of trans-shipment at a reasonable freight. He may abandon.

Fourthly. An act of embargo, which prevents the vessel from leaving port, will fully justify an abandonment; also if the vessel containing the goods insured be turned away from her port of destination by a blockade.

These are the leading cases,—and you will observe, as above intimated, that the right is made to depend wholly upon the extent to which the disaster has frustrated the original adventure, for, as above stated, the goods may remain entirely sound, and yet the right to abandon and claim for a total loss under the policy is most clear and undoubted.

The *time when* the act of abandonment is performed is very material. The assured has no right to calculate his chances for several days together.

and finally adopt such a course as may seem best for his own interest. He is bound *immediately upon the reception of such news as will justify an abandonment*, to make his election forthwith, and if it appears that he has not used due diligence in communicating his decision to the Office, his right to abandon has terminated. If, however, he has regularly abandoned upon the receipt of such intelligence (*not conflicting with the existing facts*) as will justify the act, the abandonment holds good, although the property may subsequently be saved, *without damage*. The act was a good and valid one under the circumstances, and the parties are bound by it irrespective of subsequent events.

The form of an abandonment, whether written or verbal, is not material to its validity, so that it be explicit and capable of proof. The written form is of course to be preferred as a more distinct and formal act, as well as on account of the precise terms in which it is expressed, being subsequently identified, if necessary. Should an abandonment be made under such circumstances, as do not appear to you to warrant the act, you will promptly reject it; on the other hand, you will not under any circumstances formally recognize an abandonment, but communicate the facts forthwith to the General Agent for his immediate action. We remark, however, that if the abandonment be once rightfully made, i. e. in due season and upon sufficient grounds, it is valid, and the right of the assured to claim for a total loss is perfected by the act, whether the company accepts or not.

We have seen that if a part of the subject matter insured be saved, and even if the whole original value remain unimpaired, the insured may, under certain circumstances, abandon his interest, and rightfully claim for a total loss; but, in case of the destruction of the whole subject, it is not required that he should go through any form of transferring his interest to the insurer—the ceremony of abandonment under such circumstances would be idle and useless.

Salvage.

Should a loss occur in or near your port, you may be able to render important assistance in saving the property, and thus reducing the amount of ultimate claim. If the insured be at hand also, you will by all means act in concert with him in any measures which may be taken for the safety of the property. If, however, the insured be absent or declines to interfere, you can adopt such a course as the safety of the property requires. *Act just as you would do if the property were your own*, without fear of compromising in any way the rights of the office in a final settlement. Such an intervention, if *prudently* conducted, cannot be construed into an acceptance of an abandonment, as it is done *for the common benefit* and as a matter of necessity under the circumstances. This important right is, moreover, especially guaranteed by the terms of our contract. The following clause has, of late

years, been inserted in our policy to enable the agent or attorney of the company to exert himself personally, for the safety of the property without prejudicing the ultimate rights of the office, viz : *It is mutually agreed that the acts of either party, or of their agents, in securing, preserving, relieving and recovering the property insured, shall not be considered or held to be either a waiver or an acceptance of an abandonment.*

Excepted Losses.

No loss will be admitted unless the regular proofs, as detailed above have been furnished by the assured. The *protest* is in all cases indispensable to determine the cause of the damage. Claims are frequently presented for a damage exceeding 10 per cent. on hemp, cotton bagging, leaf tobacco, and other articles which are especially liable to injury from exposure, bad stowage, &c., without any proof whatever as to the cause of the loss. The presumption is, in all these cases, that the carrier is liable in equity as he manifestly is in law. We are entitled to reject all claims, which are not substantiated by a protest, without farther enquiry.

The office will not be held liable to indemnify the insured for losses, although by perils insured against, which have been directly incurred through the fraud or gross misconduct of the assured. A contract for indemnity in such a case would be absurd, and, so far as it related to a voluntary and intended loss, void at law. But where a loss by the perils insured against, may have been remotely occasioned by the fault or negligence, or want of the greatest degree of vigilance, prudence and forecast of the assured, and without his being aware of such consequences, we should be inclined to overlook the partial misconduct and pay the claim. The peculiar circumstances of the case would, however, be fully considered.

All marine policies contain a provision that the insurers shall not be liable for loss upon certain enumerated articles, unless it amounts to a certain rate per cent. The articles to which this provision relates are those most subject to damage and decay from their internal qualities. But independently of this provision, it is a general rule that the insurers are not, under the common form of the policy, liable for any damage or loss arising from the qualities or defects of the subject insured, since these are not among the perils assumed by the underwriter. Accordingly the office will not be held liable for the waste occasioned by any ordinary leakage or breakage; but what is ordinary and what is extraordinary leakage or breakage will depend upon the nature of the article, and upon the ordinary events of the voyage. The mere fact of leakage or breakage does not necessarily give the assured a valid claim under the policy, since it must appear from the kind and degree of damage, or otherwise, that it has been occasioned by an actual disaster to the vessel.

The risk of fire is especially mentioned in our marine policies; it is construed not only to cover the risk from this source while on board the

vessel or steamboat, but while stored in transitu, if it becomes necessary either in the usual course of transshipment or on account of a temporary failure in the means of transportation. The liability of the insurers for a loss of this description, is subject only to these exceptions which are applicable to an ordinary fire risk.

The loss and expense, if any, attending a mere detention and delay at a port in the course of the voyage on account of the perilous state of navigation, want of the means of transportation, &c., must be borne by the insured, though the delay continues for a long time. This is considered to be one of those ordinary inconveniences and interruptions of the voyage, which are not a proper subject of a claim for indemnity under the policy.

If, in case of a slight damage, the goods insured be sold at a ruinous sacrifice, short of the port of destination, contrary to the express provisions of the policy, the office will not be held liable to make up the loss. The language of the policy is as follows, viz : And in cases of disaster at any place within the United States, it shall be the duty of the master or agent of the aforesaid to forward the property saved or recovered to the port of destination, without unnecessary delay. And the property insured shall not be sold (except by order of court,) at any other place than at the port of destination, without express authority from the insurers or their agent : *Provided*, that articles of cargo which may be in a damaged and perishing condition, so as not to admit of delay, may be sold at PUBLIC SALE, at the nearest convenient market, for account and benefit of whom it may concern.

Salvage Loss.

What is called a salvage loss, does not differ in its results and mode of settlement from a technical total loss. It is called a salvage loss, because, although the loss is total to the insured by virtue of his abandonment, a portion of the value remains to the underwriter, by assignment, which is called the *salvage*. We have seen that particular average losses must be adjusted according to the sales at the *port of destination*. Salvage losses, on the contrary, are based in general upon sales at an intermediate port, the adventure being broken up by the disaster. In such a case, if the property be in danger of perishing before it can be forwarded to its original destination, it is properly sold at public auction to the highest bidder, and the adjustment is made in like manner, as if a regular act of abandonment had been made, although the sale is made by the assured or his agents. The net proceeds of the damaged goods are held on account of an award for a total loss, and the balance is payable at the expiration of 60 days, as prescribed by the policy.

Double Insurance.

It may occasionally happen by inadvertence, that a double insurance is gotten upon the same risk, either in part or to the whole extent of the value. *In such* cases, we may grant a return of premium, if it appear, by proper

vouchers, that the policy issued by another Company is prior in date, and is valid, and in every respect as fully binding as if no insurance had been made at our agency. But if the amount of such prior insurance shall not equal the whole value at risk, then we shall consider ourselves liable for any amount of loss not exceeding the amount of our policy which the prior insurance shall be deficient in covering; in other words, for such proportion of the loss, as this deficiency bears to the whole sum at risk.

Pro Rata Principle.

An important principle relative to all marine adjustments remains to be considered. We have seen that a claim for loss under a Fire policy is adjusted so as to indemnify the insured for the full amount of his loss, not exceeding the amount insured. Accordingly, the amount insured, may be, for instance, \$10,000, and the value of the building \$20,000: if, then, a loss occurs to the extent of \$5,000, the office pays the whole loss, although it has received a premium upon *fifty per cent.* only of the whole value at risk.

Immemorial usage has, however, established a principle entirely different in the adjustment of all **MARINE** losses. Suppose, as before, the whole value at risk to be \$20,000, and a loss of \$5,000 occurs, the policy being for \$10,000. It is then considered that *one-half* of the whole value is at the risk of the owner, and accordingly, on the settlement, the loss is divided between the parties in the proportion of their respective interests. In the above case, each party would bear one-half, and the full claim upon the underwriters would therefore be for \$2,500.

Having thus expressed for your guidance the views of the board communicated to me upon all ordinary points, which can arise in the transaction of marine or inland business at your Agency, I must request that you will, without hesitation, address me at any time with further inquiries, if you find additional information either necessary or convenient.

With sentiments of regard, I am, dear sir,

Yours, respectfully,

W. B. ROBBINS, *General Agent.*





25





